

REMARKS

Claims 1-13 are pending in the application. Claims 1-13 are rejected. The present amendment cancels claims 11 and 13. Applicants preserve the right to pursue the subject matter of any cancelled claims in one or more continuing applications.

Drawings

Figure 5 has been corrected pursuant to the recommendations of the Examiner. The replacement Figure 5 is attached to this paper.

Claim Rejection Under 35 U.S.C. §101

Claims 1-13 are rejected under 35 U.S.C. § 101 because a claim may not preempt every substantial practical application of an abstract idea. The MPEP (2106 IV C 3) cites this concern for applications of a mathematical nature. Applicants have cancelled all independent claims containing mathematical formulas, thus rendering the rejection under 35 U.S.C § 101 moot.

Claim Rejections Under 35 U.S.C. §103(a)

Claims 1-13 are rejected under 35 U.S.C. 103(a) as being unpatentable over “The Performance of Analytical Approximations for the Computation of Asian Quanto-Basket Option Prices” written by Datey, Gauthier, and Simonata in 2003 (hereinafter “Datey”), in view of “Asian Basket Spreads and other Exotic Averaging Options”, written by Castellacci and Siclari in 2003 (hereinafter “Castellacci”). Applicants have amended independent claim 1 to include the following elements:

reading an evaluation date into a memory; reading contract data for one or more underlyings belonging to a basket into the memory;

reading market data for one or more underlyings belonging to the basket into the memory; reading an indication of whether the NPV is designated for a call or a put into the memory;

calculating a first moment of a sum of spot values $S_j(t_i)$ of two or more underlyings of the basket;

calculating a second moment of the sum of spot values $S_j(t_i)$ of two or more underlyings of the basket, wherein the first and second moments are approximate log normal distributions; and

It is well settled in the case law that in order for a claim to be rejected for obviousness under §103, the prior art must teach or suggest each element of the claimed invention. *See e.g. In re Bond*, 910 F.2d 831, 834 (Fed. Cir.1990). The present Office Action fails to point out where in the cited art the elements listed above appear, and therefore, the present Office Action fails to put forth a *prima facie* case of obviousness. Additionally, the current Office Action asserts that Datey teaches calculating moments, but it does not teach calculating a moment of a sum of spot values for “two or more underlyings” as in claim 1.

For at least the reasons mentioned above, applicants assert that claims 1-10 and 12 are allowable, and accordingly, applicants respectfully request that the rejection of claims 1-10 and 12 under 35 U.S.C 103(a) be withdrawn.

Response to 37 C.F.R. § 1.105 Requirement

Applicants acknowledge the duty of candor and good faith under 37 C.F.R. § 1.56. Filed with this response please find an IDS listing references known to Applicants. Copies of the cited references are not readily available to Applicants at the present time but will be provided as soon as they become available. Applicants did not perform any searches of prior art in conjunction with the development of this invention.

Applicants believe that all other questions put forth in the Requirement are answered in the Specification of the pending application. In particular, Applicants direct the Examiner's attention to paragraphs 42 and 43.

CONCLUSION

Applicant asserts that all of the stated grounds of objection and rejection have been properly traversed, accommodated, or rendered moot. Applicant therefore respectfully requests that the Examiner reconsider all presently outstanding objections and rejections and that they be withdrawn. Applicant believes that a full and complete reply has been made to the outstanding Office Action and, as such, the present application is in condition for allowance.

The Office is hereby authorized to charge any additional fees or credit any overpayments under 37 C.F.R. §1.16 or §1.17 to Kenyon & Kenyon Deposit Account No. **11-0600**.

The Examiner is invited to contact the undersigned at the telephone number below to discuss any matter concerning this application.

Respectfully submitted,

Date: January 22, 2008

/Jeffrey R. Joseph/
Jeffrey R. Joseph
Registration No. 54,204

KENYON & KENYON LLP
333 West San Carlos St., Suite 600
San Jose, CA 95110
Telephone: (408) 975-7500
Facsimile: (408) 975-7501